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SUBJECT: EFFECT OF U.S. SANCTIONS ON AGRICULTURAL SECTOR

¶1. (U) SUMMARY: In a December 3 site visit to Kenana Sugar Corporation, the managing director of one of the world's largest integrated sugar farms told emboffs that U.S. sanctions have affected his business, forced it to use inferior non-U.S. products, and hurt the overall efficiency of his company. On December 4, in a separate meeting with the Governor of White Nile State, Dr. Mohammed Nur Al-Tigani, also stated that U.S. sanctions have hurt the economy of his agricultural state. On December 5, Sudanese President Omar Al-Bashir blamed another dimension of U.S. policy for threatening agriculture, claiming that humanitarian food aid is a "conspiracy" aimed at undermining Sudanese farmers. END SUMMARY.

¶2. (U) On December 3, Mohamed Mardi El-Tijani, the General Manager of the Kenana Sugar Corporation, told emboffs that U.S. sanctions have forced his company to buy Brazilian crop harvesters and use non-U.S. consultants, despite not being as effective, efficient, and reliable as American products and services. (Note: Although the Government of Sudan owns a 30% share in Kenana, it is not listed as a specially designated national company by the Office of Foreign Assets Control. Saudi Arabia and Kuwait hold 35 and 30 percent respectively. Eight other Sudanese sugar companies including the neighboring Assalaya Sugar Company in Rabak are specially designated. End Note.)

¶3. (U) El-Tijani said that Kenana previously used U.S. crop harvesters made by Case Industries, Inc. (a subsidiary of John Deere & Company since 1998) but that U.S. sanctions prevented access to new machines and spare parts. El-Tijani also stated that his company valued the advice of American consultants such as Francis Schaefer, the original designer of Kenana, who, due to sanctions, can no longer serve as a technical consultant. El-Tijani stated that "it is still possible to get U.S. goods and services, but it really becomes a nightmare as there are so many middle men. Each agent will raise the price and it become out of sight." El-Tijani stated that U.S. sanctions also affect Kenana because his company does not have access to the U.S. market, which in his view, is even more attractive since the signing of the 2000 African Growth and Opportunity Act.

¶4. (U) In a December 4 meeting with emboffs, the Governor of White Nile State, Dr. Mohammed Nur Al-Tigani also acknowledged that U.S. sanctions have affected agriculture in his state, saying "We need American investments from the U.S. government and the private sector." Nur Al-Tigani also ambitiously stated that if U.S. sanctions are lifted that Sudan could quickly become an economic power like the United States.

¶5. (U) On December 5, Sudanese President Omar Al-Bashir told a rally in Gedharef State that Sudan is being targeted and is facing a major conspiracy aimed at "bringing it to its knees through relief wheat and sorghum." He praised farmers for helping foil this conspiracy through increased food production.

¶6. (U) COMMENT: Agriculture is not usually named as a sector of

the Sudanese economy significantly affected by U.S. sanctions. (Telecommunications, transportation, and technology are more frequently cited as impacted by U.S. sanctions.) Nonetheless this visit to one of Sudan's most fertile areas reveals that U.S. sanctions have affected Sudanese agriculture.

¶7. (SBU) Comment continued: Bashir's remarks on humanitarian food aid are not a new phenomenon from various levels within the National Congress Party. The USG is the largest donor to the U.N. World Food Program, which provides life-saving food aid on a monthly basis to more than 2.5 million internally displaced persons and others impacted by the conflict in Darfur, as well as millions of others affected by food insecurity throughout the country. If the Sudanese Government were to provide food for its own citizens in need, the U.S. would not need to send as much food aid as it currently does.

FERNANDEZ